

Message Text

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PAGE 01 STATE 143012

13

ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 ADP-00 GSA-01 OEP-01 INT-08

L-03 H-03 CIAE-00 INR-10 NSAE-00 RSC-01 SS-15 NSC-10

PA-03 PRS-01 USIA-15 OPIC-12 CIEP-02 COME-00 TRSE-00

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DRAFTED BY EB/ISM:FWMAERKEE:LMP

EXT 21486 7/20/73

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EB/ISM:DFMEYERS

AF/C:SJHA RI(K (SUBS)

AF/E:TJBRUKE (SUBS)

ARA/EP:MFRECHETTE (SUBS)

ARA/BC:LGRIDLER (SUBS)

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R 201914Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY LUSAKA

AMEMBASSY SANTIAGO

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

UNCLAS STATE 143012

E.O. 11652: N/A

TAGS: IN, CG, CI, PE, ZA

SUBJECT: COPPER STOCKPILE DISPOSAL

REF : A STATE 70364, B STATE 99839, C LUSAKA 862
(NOTAL)

FOLLOWING INFORMATION PROVIDED FOR POST'S USE IF HOST
GOVERNMENT SHOULD INITIATE ENQUIRY

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PAGE 02 STATE 143012

1. JULY 18 AMERICAN METAL MARKET (AMM) NEWSPAPER REPORTS

U.S. INDUSTRY GROUP HAS BEEN FORMED TO SEEK IMMEDIATE RELEASE OF STOCKPILE COPPER TO COPPER CONSUMING RMS (RATHER THAN TO U.S. MINT FOR COINAGE AS TENTATIVELY PLANNED). PRIMARY OBJECTIVE OF INDUSTRY GROUP IS TO ALLEVIATE CRITICAL COPPER SHORTAGE IN U.S. WITH AMM SPECULATING THAT GROUP ALSO SEEKS EASE RISING WORLD COPPER PRICES. GROUP REPORTEDLY WILL URGE CONGRESS GIVE HIGHEST PRIORITY TO COPPER STOCKPILE DISPOSAL BILL.

2. ON JULY 17, REPRESENTATIVE MITCHELL OF NEW YORK INTRODUCED H.R. 9355 TO AUTHORIZE DISPOSAL OF COPPER FROM NATIONAL STOCKPILE. BILL REFERRED TO HOUSE ARMED SERVICES COMMITTEE WHERE THE ADMINISTRATION'S BUS STOCKPILE DISPOSAL BILL H.R. 7153 DESCRIBED REFTEL A ALSO AWAITS COMMITTEE ACTION.

3. DOMESTIC COPPER PRODUCER PRICE FOR ELECTROLYTIC COPPER WIREBARS FROZEN AT 60-60.25 CENTS PER LB. LONDON METAL EXCHANGE PRICE FOR JULY 19 WAS EQUIVALENT OF 96.91 CENTS PER LB. NO.1 BRASS MILL COPPER SCRAP REPORTEDLY SELLING FOR 86 CENTS PER LB. IN EUROPE, WHILE U.S. PRICE IS FROZEN AT NOMINAL 71 CENTS PER LB. SOME COPPER CONSUMING FIRMS CLAIM THAT MUCH COPPER AND COPPER SCRAP IS BEING EXPORTED FOR SALE AT HIGHER WORLD PRICES, THEREBY CREATING A SUPPLY SHORTAGE HERE. THEY CLAIM IF THE SITUATION DOES NOT IMPROVE, COPPER FABRICATING PLANTS WILL REDUCE OPERATIONS OR EVEN SHUT DOWN.

4. LATEST MOVE TO OBTAIN STOCKPILE COPPER RELEASE TO INDUSTRY IS PRIVATE INDUSTRY EFFORT, AND USG HAS NOT RPT NOTYETTAKEN ANY STAND ON THIS MOVE. COMMERCE HAS INFORMED COST OF LIVING COUNCIL OF EFFECTS OF COPPER PRICE FREEZE ON BRASS MILL AND OTHER COPPER CONSUMING INDUSTRIES. IN ANY CASE, DISPOSAL AUTHORIZATION BILL MUST FIRST PASS CONGRESS, WHICH NOW CLOSE TO MONTH-LONG AUGUST RECESS, SO PASSAGE SOON UNLIKELY. RUSH

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